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NOTES ON CURRENT LEGISLATION

MARGARET A. SCHAFFNER

Absinthe Prohibition in Switzerland. An amendment has been added to the federal constitution of Switzerland prohibiting the manufacture, importation or sale of absinthe. The amendment was secured through the popular initiative; the proposition was voted upon July 5, 1908, and was carried by a vote of 236,582, against 135,888.

The increased consumption of absinthe has alarmed the Swiss people. Recently the sale of the drug was prohibited in the cantons of Geneva and Vaud by cantonal ordinances. The initiative petition for the federal amendment was signed by a large proportion of the voters in the several cantons. The signatures secured numbered 4022 in Basel-land; 38,337 in Berne; 9535 in Fribourg; 3420 in Glarus and 9628 in Neuchâtel. The total vote cast at the election both for and against the amendment was 372,470, out of a voting strength of over 807,700 for the entire country. A resubmission of the question may not take place unless a petition to that effect be signed by at least 50,000 qualified voters.

[M. A. S.]

Capital Stock. At the last session of the Massachusetts legislature, the law governing the issue of stocks by transportation companies was again amended. This law is far from the beginning of State regulation of the issue of stocks and bonds in Massachusetts. The whole corporation history of the State is a history of regulation, supervision and control, either by the legislature directly or by commissions composed of experts. Massachusetts was the first State, and one of the few States of the present time which is striving to find the proper and just method of regulating public service corporations in their issue of stocks and bonds.

The regulation of the issue of stocks and bonds by general legislation began as early as 1852 when no railroad company, obtaining an extension of time for the construction of its road, was to issue any stock for a less sum or amount than the par value named in the charter.

In 1868 a law was passed forbidding railroad corporations, telegraph and gas light companies to issue any additional stock, or issue certificates of stock unless the par value of the shares was first paid in cash

to the treasurer of the corporation. This law remained in force until 1871, when it was again modified and railroad corporations, authorized to increase their capital stock, or to issue additional shares of stock for any purpose, obliged, if the cash market value of their shares exceeded the par value, to sell and dispose of all their new and additional stock for the benefit of the corporation. All shares were to be offered for sale to the highest bidder at public auction in the city of Boston after proper notice and not more than 2000 shares were to be offered for sale on the same day, and none of the shares offered were to be sold for less than their par value.

This section was incorporated in the revised and consolidated railroad act of 1874 (c. 372), but only remained in force until 1878, when a law was passed permitting the stockholders of a corporation to subscribe for their proportion of the new stock at par; the par value to be paid in cash before a certificate was issued. If the stockholders failed to subscribe for all the capital stock to which they were entitled, the directors were required to sell the remaining shares at public auction to the highest bidder the same as all shares were required to be sold under the law of 1871.

In 1893 the issue of stock was placed under the supervision and control of the railroad commission, and when a railroad corporation wished to increase its capital stock, the number of shares required to produce the amount necessary for the purpose for which the increase was authorized, were to be offered proportionally to the stockholders at the market value at the time of the increase; the market value to be determined by the board of railroad commissioners, after taking into account previous sales of stock and other pertinent conditions. Any shares remaining unsubscribed for by the stockholders entitled to take them were to be offered for sale to the highest bidder in Boston or some other city or town prescribed by the commission. No shares were to be sold or issued for a less sum to be actually paid in cash than their par value. The provision was added that when the increase of capital stock did not exceed 4 per cent, the directors might dispose of the increase at public auction to the highest bidder without first offering the shares to the stockholders at the market price as fixed by the commission.

The whole law relating to railroad corporations and street railroad companies was revised and amended in 1906 (c. 463) but no material change was made in the law of 1893 relating to the issue of new shares of stock by such corporations.

In 1908 the law relating to the price at which railroad corporations

and street railway companies might offer new stock to their stockholders was amended and now any railroad, street railway, electric or elevated railway company, which is in actual possession of and operating a railroad or railway, must, upon any increase of its capital stock, offer the new shares proportionally to its stockholders at such price not less than the par value as may be determined by its stockholders. The directors upon the approval of the increase may cause written notice to be given to each stockholder of record on the books of the company stating the amount of the increase, the number of shares or fractions of shares, to which he is entitled, the price at which he is entitled to take them, and fixing a time not less than fifteen days after the date of such vote to increase within which he may subscribe for his proportion of the additional stock. Each stockholder may subscribe for his portion of the stock within the time limited and payment must be made in cash before a certificate is issued.

The following exception is made to this rule. If the increase does not exceed 4 per cent of the existing capital stock of the company, the directors, without first offering the new shares of stock to the stockholders may sell them at auction to the highest bidder at not less than the par value to be actually paid in cash. They may also sell at public auction any shares, which remain unsubscribed for by the stockholders entitled to take them. These shares must be offered for sale in the city of Boston, or in some other city or town prescribed by the board of railroad commissioners; and notice of the time and place of the sale must be published. No shares are to be sold or issued for a less amount to be actually paid in cash than their par value.

The determination of the board of railroad commissioners as to the amount of stock which is reasonably necessary for the purpose for which the stock has been authorized must, in the case of railroad and street railway corporations be based upon the price at which such stock is to be issued as fixed by the stockholders. The board cannot approve any particular stock if, in its opinion, the price fixed by the stockholders is so low as to be inconsistent with the public interest.

ROBERT ARGYLL CAMPBELL.

The English "Children's Bill." The king's speech at the opening of parliament in January (1908) foreshadowed at least a dozen important measures. When parliament adjourned at the end of July for the summer vacation, only two, the Irish universities bill and the old age pensions bill, had passed. Of those measures which have received